

## CONTENT AREA

### Qualified Life Events (QLE) and Insurance Plan Changes

## ISSUE/QUESTION

When an employee experiences a QLE, is the employee eligible to change plans (e.g., from PPO to HMO)?

## ANSWER

Whether or not a specific experience constitutes a QLE that also makes the employee eligible to change insurance plans depends upon the employee's specific circumstances. In most cases, the employee would not be eligible to change plans.

The following examples illustrate circumstances when the employee would be eligible to change plans.

1. An employee relocates to an area outside the service area of the employee's existing plan. For example, an employee enrolled in Employers Dental Service (EDS) relocates outside Arizona. EDS provides only emergency coverage and no regular dental coverage outside Arizona. In this instance, the employee would be eligible to enroll in one of the PPO plans (Delta Dental or MetLife Dental) since these plans provide dental coverage outside Arizona.
2. An employee, enrolled in the HMO plan, relocates from Mesa (Maricopa County) to Payson (Yavapai County). Since Payson is not in the HMO service area, the employee may change to a PPO plan.

The following examples illustrate circumstances when the employee would not be eligible to change plans.

1. An employee is enrolled in family PPO coverage; the employee's spouse obtains coverage through another source. In this case, the employee has three options:
  - (1) the employee may maintain the family coverage, provided that there are covered dependents other than the spouse;
  - (2) the employee may change from family to single coverage, provided that the spouse and any other dependents are enrolled on the spouse's plan;
  - (3) the employee may drop coverage altogether by being covered on the spouse's plan.

However, in no case, may the employee change plans.

2. Due to a recent marriage, an employee in the HMO plan moves from Mesa to Sun City. Because the employee remains in the HMO service area, the employee may not change to the POS or PPO plans.

**AUTHORITY**

United States Code Title 26 – Tax Treatment of Cafeteria Plans  
Saguaro Program Policy

**ISSUED**

June 30, 2003